

5 - NOTES TO THE CONSOLIDATED IFRS FINANCIAL STATEMENTS
for the year ending 31 December 2005

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Note 1. – General information

BRICORAMA SA (“the Company”) and its subsidiaries (“the Group”) operate a chain of DIY stores in France, the Benelux and Spain under the trade-names BRICORAMA and BATKOR in France and Spain and GAMMA and KARWEI in the Benelux.

BRICORAMA SA is a joint stock company registered and domiciled in France. Its head office is located at 94120 FONTENAY SOUS BOIS. The primary financial market on which the Company is listed is the Paris Stock Exchange, Euronext List B, under number FR 0000054421.

The present consolidated financial statements were approved on 11 April 2006 by the Board of Directors. They are expressed in thousands of euro, unless otherwise specified.

Note 2. – Summary of main accounting principles

In compliance with EU regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements published for the 2005 financial year were prepared in accordance with the international accounting standards issued by the IASB (International Accounting Standards Board). The said international accounting standards comprise IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), and interpretation thereof. The 2005 financial statements comprise an opening balance sheet prepared in accordance with the provisions of IFRS 1 First-time Adoption of International Financial Reporting Standards and the 2004 accounting records.

The recommendation issued by the CESR (Committee of European Securities Regulators) on 30 December 2003 concerning preparations for the transition to IFRS calls upon issuers to publish as early as possible the quantified impact of the change in scope. In the interest of meeting the substance of the recommendations, the attached financial statements for the 2004 financial year alone (“2004 IFRS financial statements”) were prepared in accordance with the IAS/IFRS standards published on 31 December 2004, as applicable at 31 December 2005. The 2004 IFRS financial statements are the comparison basis for the 2005 IFRS financial statements, provided there is no modification to the standards in the meantime.

Chapter C, page 36, of First-time Adoption of International Financial Reporting Standards specifies the principles to be applied when preparing the opening IFRS balance sheet as at 1 January 2004 as well as the differences from the previously applicable French accounting standards, as well as the quantified impact thereof on the opening balance sheet and on the 2004 earnings.

As all Group subsidiaries are located in the eurozone, currency conversion is not applicable.

a – Consolidation

Companies in which BRICORAMA SA directly or indirectly holds a majority stake are fully consolidated.

Shares of companies that fall outside this category are consolidated as equity participation. All significant transactions between consolidated companies and internal profits are eliminated.

b – Segment information

A business segment is a group of assets and operations engaged in the sale of goods and services that is exposed to risks and profitability levels that differ from those of other business segments. A geographical segment is a group of assets and operations engaged in the sale of goods and services in a specific economic environment that is exposed to risks and profitability levels that differ from those of other economic environments in which the Group operates.

c – Recognition of transactions in foreign currencies

Transactions expressed in foreign currencies are converted at the exchange rate of the transaction date or at the foreign exchange hedging rate allocated thereto, as applicable.

At closing, unhedged assets and liabilities expressed in foreign currencies are converted at the exchange rate of the closing date.

d – Intangible assets and goodwill

Goodwill is the difference between the acquisition price plus related costs of shares in consolidated companies and the Group share of the fair value of their net assets at the acquisition date.

Goodwill is not amortised, in compliance with IFRS 3 “Business Combinations”. According to IAS 36 “Impairment of Assets”, the value in use of tangible and intangible assets is tested as soon as indications of impairment appear, which indications are tested at each closing. The test is carried out at least once a year for assets with an indefinite life-cycle. For the group, this category is limited to acquisition goodwill and Group goodwill.

For the purposes of the test, goodwill is broken down into Cash Generating Units composed of homogenous sets jointly generating identifiable cash flow. The impairment test procedures applied to the Cash Generating Units are described in Note 10. In the event of impairment, depreciation is posted to the operating margin.

e – Tangible assets

A. Gross value

The gross value of tangible asset corresponds to their acquisition or production cost. Revaluation is not applicable.

Borrowing costs are excluded from the cost of assets.

Assets financed using financial leases as defined in IAS 17 "Leases" are treated as assets in the amount of future payments due or the market value, whichever is lower. The corresponding debt is treated as a financial liability. The assets are depreciated in accordance with the useful service lives detailed below:

B. Depreciation

Construction components	20 years
Roof components	10 years
Interior fixtures and fittings	10 & 15 years
Technical installations	7 & 10 years
Plant and equipment	5 & 7 years
Vehicles	4 years
Office equipment and furniture	3 & 5 years

f – Financial assets

Shares in non-consolidated companies are listed at their cost price in the balance sheet. Provision for impairment of non-consolidated shares is accrued when the fair value is below the acquisition cost.

The inventory value of shares is determined with due regard to the Group share held in the net position, adjusted if necessary, and the profitability outlook based on a provisional five year budget.

Financial assets largely consist of guarantee deposits provided in connection with commercial leases. Should such deposits become unrecoverable, provision is accrued to cover impairment.

g – Inventories

Inventories are recognised at purchase price with due regard to returns, discounts and publicity participation, with the exception of publicity participation billed on the occasion of the opening of a store, and with the exception of ancillary purchasing costs. When the sale price is below the purchase price, provision is accrued in the amount of the difference between the gross value and the probable sale value.

h – Marketable securities

Marketable securities are recognised at fair value in the statement of income.

i – Cash and cash equivalents

Cash and cash equivalents comprises liquidities, fixed term bank deposits, and other highly liquid short-term investments with initial maturity equal to or less than three months. Bank overdrafts are recognised in the balance sheet as current liabilities under borrowings. Marketable securities are recognised in the balance sheet at their acquisition cost. If the acquisition cost is greater than the fair value, impairment provision is accrued in the amount of the difference.

j – Provision for contingencies and expenses

In compliance with IAS 37 "Provision, Contingent Liabilities and Contingent Assets", provision is accrued if the Group has an obligation to a third party and it is probable or certain that the said obligation will result in a payment to the said third party without consideration at least equal to the amount of the expected payment.

k – Employee benefits

The Group accrues provision for employee benefits stemming from defined service contracts. This concerns retirement pension commitments in France and retirement insurance in the Benelux. In compliance with IAS 19 "Employee Benefits", in the context of defined service arrangements, retirement commitments and related commitments must be evaluated by an independent actuary. A single discounting method is used throughout the Groupe, but it is based on hypotheses specific to each individual country (contribution rates, turnover, salary progression).

l – Share capital

a) Fixed unitary price share subscription and purchase plans

Share subscription and option plans are available to executive managers and some employees. In compliance with IFRS 2 "Share-based Payment", options are valued at the date on which they are granted. For valuation purposes, the Group uses the Black & Scholes mathematical model. Value changes subsequent to the date of granting have no impact on the initial valuation.

The value of an option depends on its expected term of validity, which the Group deems to correspond to the period during which the option is fiscally unavailable. The value of the option is recognised as a payroll expense in a linear manner between the date of granting and the maturity date (period of acquisition of entitlement). The corresponding entry is posted to shareholders' equity.

In compliance with IFRS 2, only such plans as have been granted after 7 November 2002 and for which the beneficiaries have not acquired entitlement by 1 January 2005 are evaluated and recognized as payroll expenses. Plans dating from before 7 November 2002 are not valued and are not recognised in the accounting records.

b) Treasury shares

All treasury shares held by the Group are recognised at their acquisition cost and deducted from shareholders' equity. The proceeds of any disposal of treasury shares are credited to shareholders' equity so as to avoid any disposal gains or losses impacting the net result for the year.

m – Corporation tax

The Group recognises deferred taxes using the variable carry-forward method with respect to all and any temporary differences between the fiscal value and book value of assets and liabilities listed in the consolidated balance sheet, with the exception of:

- Goodwill on acquisitions
- Goodwill pertaining to non-amortised intangible assets that cannot be disposed of separately from the acquired enterprise.

Provision is accrued with respect to non-recoverable taxes on the proposed dividends of consolidated entities. No provision is accrued with respect to taxes on reserve distributions.

No provision is accrued with respect to latent taxes on intangible assets revalued in individual accounts as long as there are no plans for disposal of the assets in question.

Deferred tax assets corresponding to tax credits on losses carried forward are only recognised if their recovery is probable based on expectations of taxable income in the medium term. Deferred tax assets are calculated on the basis of a five-year statement of income forecast. In compliance with IFRS 3, deferred tax assets may give rise to a reduction in acquisition goodwill recognised at the date of acquisition of an entity.

n – Other operational income and expenses

This item encompasses non-recurring income and expenses stemming from the business activity (proceeds of asset disposals, indemnities), and exceptionally high income and expenses that do not correspond to the normal business activity.

o – Exchange and interest rate financial instruments

The financial instruments used by the Group have the purpose of hedging against exchange and interest rate risks stemming from the business activity. Each instrument used is assigned to the transactions it hedges. The Group hedges against such risks using financial instruments with top class bank guarantees. Financial instruments are managed on a centralised basis.

p – Financial leasing

All real estate financial leases, significant non-real estate financial leases, commercial leases, lease contracts and sub-lease contracts are tested to determine whether they are financial leasing contracts or ordinary lease contracts. Financial leasing contracts are restated as fixed assets and debt.

q – Acquisitions and disposals

During the first half of 2005, the Group acquired 100% of EOLIENNES BRICORAMA SAS, Max Guérin Center SAS and Heliodis SARL, all located in France. Each of the three acquisitions operates a store.

r – Calculation of net earnings per share

Net earnings per share before dilution is obtained by dividing net earnings by the total number of shares making up the share capital, including treasury shares.

Diluted net earnings per share is obtained by encompassing in the calculation all financial instruments that give deferred access to the capital of the consolidating entity.

The calculation is based on the assumption that all options will be subscribed via capital increase.

s – Dividends

Dividend distributions to the Company shareholders are recognised as debt in the Group's financial statements for the period during which the dividend is awaiting approval by the Company's shareholders.

Note 3. – Gross margin and Cost of goods sold

(K€)	2004	2005
Opening inventory – gross	156 118,5	178 514,4
Opening inventory – scope variation	3 364,4	1 008,8
Purchases	396 208,5	391 178,3
Closing inventory	178 514,4	181 652,0
Cost of goods sold	377 177,0	389 049,5
Sales	612 132,2	623 999,9
Margin	234 955,2	234 950,4
Rate	38,38%	37,65%

Note 4. – Other operating income and expenditure

(K€)	2004	2005
Gains and losses from disposals of tangible, intangible and other non-current assets	6 128,4	4 119,6
	7,7	72,2
Depreciation of tangible and intangible non-currents assets	-1 804,9	-1 031,2
Insurance indemnities	1 469,7	1 218,7
Total	5 800,9	4 379,3

Asset disposals mainly pertained to store closures. Indemnities cover the amounts recognised with respect to litigations related to business operations.

Note 5. – Other financial income and expenditure

(K€)	2004	2005
Dividends	6,3	12,0
Gains on securities disposals		
Interest revenue and revenue from the disposal of other financial assets (excluding cash and cash equivalents)	191,2	86,5
Gains on trading derivatives (forex, rates)	53,3	37,5
Other financial expenses	0,0	382,3
Total other financial expenses	250,8	518,3
Impairment of non-consolidated securities		
Losses on disposals of non-consolidated securities	-1 904,1	
Impairment and losses on disposals of other financial assets (excl. cash and cash equivalents)		
Losses on trading derivatives (forex, interest rates)	-143,3	-58,9
Other financial expenses	-664,4	-664,0
Total other financial expenses	-2 711,8	-722,9
TOTAL net change in financial provision	1 743,2	22,9
Other financial income and expenses	-717,8	-181,7

Note 6. – Tax burden on earnings

(K€)	2004	2005
Current taxes	10 944,9	9 853,1
Deferred taxes	-916,2	-888,4
Total taxes on earnings	10 028,7	8 964,7

The amount for tax on Group earnings differs from the theoretical amount derived by applying the average weighted tax rate to the earnings of the consolidated companies for the following reasons:

Note 7. – Earnings per share

(K€)	31/12/2005
Earnings before tax	29 789,9
Tax at statutory rate in France	-9 929,0
Effective tax	-8 964,7
Tax gap:	-964,3
Impact of tax rate variations	407,4
Impact of standing differences	575,8
Non-recognised tax advantages	
Losses carried forward	-1 980,0
Tax penalties and other differences	32,5
TOTAL	-964,3

Base earnings

Base earnings per share is calculated by dividing the net earnings attributable to the shareholders of the Company by the average weighted number of common shares outstanding at the reporting date.

	2004	2005
Earnings attributable to Company shareholders (K€)	22 549.4	20 825.3
Average weighted number of common shares outstanding	5 533 130	5 563 510
Base earning per share (euro per share)	4.08	3.74

Diluted earnings

Diluted earnings per share is calculated by increasing the average weighted number of common shares outstanding by the number of shares that would come into existence if all potentially dilutive common shares were converted. This concerns stock options. A calculation is made to determine how many shares could have been acquired at the fair value (the average annual price of the Company's shares) based on the monetary value of the subscription rights stemming from stock options outstanding. The calculated number of shares is compared to the number of shares that would have been issued if the options had been exercised.

	2004	2005
Net earnings attributable to Company shareholders (K€)	22 549.4	20 825.3
Average weighted number of common shares outstanding	5 533 130	5 563 510
Stock options adjustments	385 800	355 420
Average weighted number of common shares used to calculate diluted earnings per share	5 918 930	5 918 930
Diluted earnings per share (euro per share)	3.81	3.58

	Common shares	Preferred shares	TOTAL
Number of shares, opening balance	2 718 817	2 814 313	5 533 130
Number of shares issued	30 380		30 380
o/w fully paid up	30 380		30 380
Number of shares, closing balance	2 749 197	2 814 313	5 563 510

Note 8. – Segment information

Balance sheet per business activity – ASSETS

(K€)	France	Benelux	Spain	Eoliennes	Inter segment- elimination	Total
Intangible assets	1 016	16 964	160		-15 793	2 347
Goodwill	75 657	40 063	2 579	20		118 320
Tangible assets	35 273	28 655	1 719	7 474		73 120
Other financial assets	58 804	-17 060	513	-36	-36 708	5 514
Deferred taxes	1 981	10 448	0			12 429
Other long-term assets	1 342	93			-55	1 380
Total non-current assets	174 074	79 163	4 971	7 458	-52 556	213 110
Inventory and work-in-progress	138 394	39 806	1 577			179 777
Trade and other receivables	7 027	4 625	265		-1 079	10 838
Tax receivable	1 168	514	0			1 681
Other current assets	39 382	15 267	318	2 430	-24 717	32 680
Marketable securities and other investments	3 753	0	3 303	99		7 154
Cash and cash equivalents	21 479	6 334	257			28 070
Total current assets	211 202	66 546	5 720	2 528	-25 796	260 201
Total non-current assets and asset groups earmarked for disposal						
Total assets	385 276	145 710	10 691	9 986	-78 352	473 311

Balance sheet per business activity - LIABILITIES

(K€)	France	Benelux	Spain	Eoliennes	Inter segment-elimination	Total
Share capital	27 818	0	0	0		27 818
Capital-related premiums	10 062	0	0			10 062
Other provision	0	0				0
Retained earnings	137 498	26 275	-1 812	-127	-15 786	146 048
Total shareholders' equity, group share	175 378	26 275	-1 812	-127	-15 786	183 928
Minority stakes	3	17		-6		14
Total minority stakes	3	17		-6		14
Total shareholders' equity	175 381	26 292	-1 812	-133	-15 786	183 942
Borrowings and financial debt	43 742	62 438	6 500		-36 715	75 964
Staff commitments	2 517	346				2 863
Other provision	2 872	125	172			3 169
Deferred taxes	163	3 261	46			3 471
Other long-term liabilities	276	0			-55	221
Total non-current liabilities	49 570	66 169	6 718		-36 770	85 688
Borrowings and bank guarantees (<1 year)	35 329	24 869	967	5 901	-645	66 421
Provision (<1 year)	531	280	0			811
Trade and other payables	85 792	12 195	3 777	21	-1 079	100 705
Tax debt	16	477				493
Other current liabilities	38 657	15 428	1 041	4 197	-24 072	35 251
Total current liabilities	160 325	53 248	5 785	10 119	-25 796	203 682
Total liabilities linked to a group of assets earmarked for disposal		0				
Total current and non-current liabilities	209 896	119 417	12 504	10 119	-62 566	289 370
Total liabilities	385 276	145 710	10 691	9 986	-78 352	473 311

Statement of income per business activity

(K€)	France	Benelux	Spain	Eoliennes	Inter segment elimination	Total
Sales	441 256,9	178 956,2	4 326,4		-539,5	623 999,9
Other operating revenue	4 459,0	322,5	0,0		-1 421,3	3 360,3
Purchases consumed	-272 379,7	-114 315,7	-2 893,6		539,5	-389 049,5
External expenses	-61 681,4	-28 192,0	-1 692,0	-46,6	1 421,3	-90 190,8
Payroll	-75 112,1	-23 745,8	-1 068,6			-99 926,6
Tax	-8 718,2	-1 344,6	-3,6	-18,7		-10 085,2
Depreciation accruals	-6 585,8	-4 889,0	-168,0			-11 642,9
Provision accruals	-2 214,9	-995,5	-2,2			-3 212,7
Variation in inventory-in-progress and finished products	29,5	15,1				44,6
Other operating revenue and expenditure	5 524,2	1 012,0	-12,5		0,0	6 524,0
Current operating earnings	24 577,3	6 823,1	-1 514,4	-65,3	0,0	29 820,8
Other operating revenue and expenses	5 163,0	-983,9	200,2			4 379,3
Operating earnings	29 740,4	5 839,2	-1 314,1	-65,3	0,0	34 200,1
Proceeds from cash and cash equivalents	166,0	0,0	16,7			182,7
Gross cost of financial debt	-2 840,8	-1 532,9	-124,6		87,0	-4 411,2
Net cost of financial debt	-2 674,7	-1 532,9	-107,9		87,0	-4 228,5
Other financial revenue and expenditure	17 633,4	-719,3	-29,3	-68,2	-16 998,3	-181,7
Earnings before tax	44 699,1	3 587,0	-1 451,3	-133,6	-16 911,3	29 789,9
Corporation tax	-9 823,7	975,5	-116,4			-8 964,7
Earnings after tax	34 875,3	4 562,5	-1 567,7	-133,6	-16 911,3	20 825,3
Total net earnings	34 875,3	4 562,5	-1 567,7	-133,6	-16 911,3	20 825,3
Group share	34 874,9	4 561,4	-1 567,7	-126,9	-16 911,3	20 830,4
Minorities share	-0,4	1,1		6,7		5,2

Note 9. – Tangible fixed assets

(K€)	31/12/2004	Acquisitions	Disposals	Accruals	Change in scope	Reclassifications	31/12/2005
Land	3 662,9	178,9	-532,1			4 949,1	8 258,8
Constructions	67 780,4	4 921,9	-4 446,3		262,7	-1 921,2	66 597,5
Technical installations, equipment, tools	14 227,6	2 197,5	-157,3		96,1		16 364,0
Tangible assets in progress	381,4	8 461,3	-283,8			-74,7	8 484,2
Other tangible assets	41 593,1	5 807,1	-172,4		415,2	278,0	47 921,1
Total tangible assets	127 645,4	21 566,6	-5 591,9		774,0	3 231,4	147 625,5
Depreciation/provision on constructions	-35 920,7		2 289,3	-3 944,9	-315,3		-37 891,6
Depreciation/provision on technical installations, equipment, tools	-9 226,1		119,1	-1 705,5	-86,3	-339,9	-11 238,7
Depreciation/provision on tangible assets	-19 738,1		121,8	-5 450,6	-341,5	346,1	-25 062,4
Provision for land	-291,0		0,2	-21,7			-312,4
Total depreciation/provision on tangible assets	-65 175,9		2 530,4	-11 122,6	-743,1	6,2	-74 505,0
Total Net Value	62 469,5	21 566,6	-3 061,5	-11 122,6	30,9	3 237,5	73 120,5

The amount for restatements corresponds for the most part to a complementary restatement pertaining to land in the Benelux in the context of IAS 17. The amount comes to €2.1118 million, and deb twas recognised on the liabilities side in an equal amount. The balance pertains to restatements with regard to constructions on the said land.

Note 10. – Intangible assets

(K€)	Goodwill	Other intangible assets	Total 2005
Gross value at opening of period	116 746,7	5 565,6	122 312,3
Acquisitions	2 800,3	502,4	3 302,7
Disposals		-11,8	-11,8
Other	-196,3	332,6	136,3
Gross value at close of period	119 350,7	6 388,7	125 739,4
Accrued depreciation at opening of period	0,0	-3 507,0	-3 507,0
Adjustments linked to deferred tax assets	-1 031,1		-1 031,1
Depreciation		-522,3	-522,3
Other		-12,9	-12,9
Accrued depreciation at close of period	-1 031,1	-4 042,1	-5 073,2
Net book value at opening	116 746,7	2 058,6	118 805,3
Net book value at close	118 319,6	2 346,6	120 666,2

The goodwill acquisitions totalling €2.8003 million stem from acquisitions totalling €2.6944 million and an additional €105,900 pertaining to a 2004 acquisition, broken down as follows:

Eoliennes Bricorama	20.4
Max Guérin	1 480.0
Héliodis	1 194.0
	2 694.4
Reacciona	- 105.9
Acquisition 2005	2 800.3

Goodwill depreciation tests.

Goodwill is assigned to Group Cash Generating Units. These are grouped by country and by business activity.

The table below illustrates goodwill as assigned by segment:

(K€)	CGU France	CGU Benelux	CGU Spain	Total 2005
Gross value at opening of period	73 179,6	41 094,1	2 473,0	116 746,7
Acquisitions	2 694,4	0,0	105,9	2 800,3
Other	-196,3			-196,3
Gross value at close of period	75 677,8	41 094,1	2 578,9	119 350,7
Accrued depreciation at opening of period				
Adjustments linked to deferred tax assets		-1 031,1		-1 031,1
Other				
Accrued depreciation at close of period	0,0	-1 031,1	0,0	-1 031,1
Net book value at opening	73 179,6	41 094,1	2 473,0	116 746,7
Net book value at close	75 677,8	40 063,0	2 578,9	118 319,6

The recoverable value of cash generating units was determined on the basis of value in use calculations. Value in use calculations are made on the basis of free cash flow projections based on the budget for the coming financial year and earnings for the current period. Cash flow is extrapolated based on the estimated growth rates provided below. The growth rate does not exceed the average long-term growth rate for the business segment of the cash generating unit.

The value obtained in this manner cannot be below the residual value defined on the basis of 40% of the sales.

The value in use calculations are based on the following assumptions:

Growth rate	1.5%
Discounting rate	10%

The above assumptions were applied when analysing each cash generating unit within each business segment.

The management budgeted the earnings of the cash generating units on the basis of past performance and anticipated market expansion. The average weighted growth rates used are consistent with the forecasts stated in the reports on the business segments. The discounting rates used reflect the risks inherent in the segments in question.

Note 11. – Derivative financial instruments

(K€)	2004	2005
Interest rate swaps – cash flow coverage	58 384	70 000
Cash flow coverage option contract	80 000	35 000
Total	138 384	105 000
Less long-term part:		
Interest rate swaps – cash flow coverage	60 000	45 000
Short-term part	78 384	60 000

The derivative instruments held for the purpose of cash flow coverage are intended to cover variations in future cash flow. Contracts with execution dates longer than 12 months are classified as long-term contracts. The amount thereof comes to €45 million.

Interest rate swap and option instruments are a means for the Group to hedge against future variations in interest rates. Our coverage limits our risk exposure to future variations in Group financial expenses with respect to 60% of our short-term debt and 50% of our long-term debt.

The market to market value at 31 December 2005 of the rate hedging instruments communicated by our banks comes to €222,000.

With regard to the debt hedging part, our future average weighted interest burden comes to 3.46% for short-term debt and 3.41% for medium to long-term debt.

We also hedge against fluctuations in the US dollar rate in the context of future imports. Our fixed term forex contracts came to €500,000 at 31 December 2005.

The market to market value of these contracts at 31 December 2005 came to +€4,000.

We did not recognize financial instruments in accordance with IAS 39 owing to the insignificant amount thereof.

Note 12. – Trade receivables and other current assets

(K€)	2004	2005
Trade receivables and attached accounts	9 798,3	13 020,8
Total trade and other receivables	9 798,3	13 020,8
Receivables from staff and social funds	8,6	1 667,1
Tax receivable, excluding corporation tax	472,3	4 330,9
Current accounts – assets	7 368,5	453,5
Shareholders – capital called not yet paid	38,1	
Receivable in connection with asset disposals	1,8	2 311,0
Other receivables and current assets	33 506,9	28 724,7
Total other current assets	41 396,2	37 487,3
Provision for trade receivables and attached accounts	-1 744,3	-2 182,8
Provision for asset disposal receivables		
Provision for other receivables and interest	-5 629,9	-4 807,0
Total provision	-7 374,2	-6 989,8
Total trade receivables and other current assets	43 820,4	43 518,3
Controls:		
Total trade and other receivables	8 054,1	10 838,0
Total other current assets	35 766,3	32 680,3
Total trade receivables and other current assets		

Note 13. – Inventories

(K€)	2004	2005
Gross inventory (merchandise)	178 514,4	181 652,0
Provision for inventory	2 119,7	1 874,8
Net inventory (merchandise)	176 394,7	179 777,2

Note 14. – Cash and cash equivalents

(K€)	2004	2005
Marketable securities	1 712,6	7 225,4
Provision for marketable securities	-94,0	-71,1
Total marketable securities and other investments	1 618,7	7 154,3
Cash and cash equivalents	25 018,8	28 069,8
Marketable securities		
Provision for marketable securities		
Short-term bank deposits		
Total cash and cash equivalents	25 018,8	28 069,8
TOTAL	26 637,4	35 224,2

Note 15. – Stock options

	1996 plan	1997 plan	2000 plan		2004 plan	
Date of shareholders' meeting	21/05/1996	21/05/1996	29/05/2000		17/05/2004	
Date of board meeting	30/10/1996	17/11/1997	14/09/2000		23/08/2004	
Deadline for subscription	29/10/2006	16/11/2007	13/09/2007		22/08/2011	
Countries	France	France	France	Benelux	France	Benelux
Shares for subscription	60 000	26 000	108 000	56 000	135 000	46 000
Subscription price €	27.29	27.75	42.40	44.63	43.11	45.38
Shares subscribed	42 295	12 285	19 000	2 000		
Shares outstanding for subscription	5 411	5 715	57 000	21 000	118 000	46 000
Invalid shares	12 294	8 000	32 000	33 000	17 000	

Note 16. – Trade payables and other current liabilities

(K€)	2004	2005
Trade payables	94 925,0	99 520,8
Debt from asset acquisitions	1 184,4	1 184,3
Total trade and other payables	96 109,4	100 705,1
Creditor clients		
Social debts	33 018,4	25 852,8
Tax debts	10 002,9	-391,4
Current account – liability	12 704,6	4 392,7
Revenue received in advance	618,1	94,8
Other debt	-4 808,5	5 302,4
Total other current liabilities	51 535,6	35 251,3

Note 17. – Borrowings

The table below illustrates the Group's exposure to loan interest rate fluctuation alongside the interest rate revision dates specified in the loan agreements:

(K€)	2004	2005
Debt to lending institutions	47 369.29	75 819.47
Fair value of interest rate hedging financial instruments		
Borrowings and other financial debt	218.14	144.94
Non-current interest bearing debt	47 587.43	75 964.41
Debt to lending institutions	51 113.69	39 248.67
Current bank credit facilities	25 794.33	26 305.77
Debt pertaining to fixed assets on financial lease	770.76	556.92
Accrued interest not yet due	298.05	176.85
Fair value of interest rate hedging financial instruments		
Other financial debt	50.09	132.97
Current interest bearing debt	78 026.92	66 421.19
Total borrowings	125 614.35	142 385.60
(K€)	2004	2005
1 year maximum	78 026.92	66 421.19
+ 1 year and 5 years maximum	46 654.98	67 241.43
+ 5 years to 10 years maximum	932.45	8 722.98
TOTAL	125 614.35	142 385.60
o/w spot	30 580.00	19 090.00
o/w credit balances at bank	25 794.33	26 305.77
Breakdown of borrowings		
(K€)	2004	2005
Fixed rate	2 811.78	2 221.93
Variable rate	122 802.56	140 163.66
TOTAL	125 614.35	142 385.60

Note 18. – Deferred taxes

Deferred tax assets and liabilities are offset when there exists an enforceable right to offset mature tax assets and liabilities and when the deferred tax assets and liabilities pertain to corporation tax levied by a single tax authority.

At 31 December 2005, deferred tax assets amounted to €12.430 million, of which €10.432 million pertain to the Benelux. Given the legal restructuring due to take place in 2006 in Belgium, €3.5 million worth of deferred taxes were activated. €1.0 million was charged to goodwill accrued with respect to the subsidiary in question as the corresponding entry. The legal restructuring measures implemented in the Netherlands since 2003 and in Belgium starting in 2006 are the basis for these transactions.

The table below sets forth the amounts post-offsetting, if applicable:

Changes in balance sheet items in 2005

K€	Opening balance	Restatements & adjustments	Settlement	Burden	Closing balance
Current taxes					
Asset		116.1	1 565.4		1 681.5
Liability	-62.2	116.1	-9 306.30	9 853.1	-492.9
Deferred taxes					
Asset	13 042.2			613.0	12 429.2
Liability	-4 942.5	29.5		-1 501.5	-3 470.5

a) *Current taxes*

The current tax burden is equal to total corporation tax payable to the tax authorities for the financial year depending on the rules and rates in force in each country.

b) *Deferred taxes*

The deferred tax burden is determined using the accounting method described in note 6. The base rate of corporation tax in France is 33.33 %. Law No. 99-1140 on the financing of Social Security dated 29 December 1999 provides for an additional tax amounting to 3.3% of the base tax amount payable; for French companies, therefore, the statutory tax rate is increased by 1.1%. Law No. 2004-1484 on finances dated 30 December 2004 provides for the progressive abolition of the annual contribution fixed at 3% of the base tax amount payable in 2002. The annual contribution was reduced to 1.5% on 1 January 2005 and abolished completely in 2006.

Note 19. – Commitments for retirement pensions and similar benefits

Actuary table

In some countries, Group employees enjoy additional retirement benefits that are paid annually to retirees or in the form of end-of-service indemnities paid in a lump sum on retirement.

This note describes the accounting treatment of retirement pension commitments stemming from defined retirement arrangements. The following key actuarial assumptions were made:

	2005	2004
Discounting rate	4,0 %	6,8 %
Expected yield from retirement pension system assets	3,5 %	8,3 %
Future salary increase rate	4,0 %	4,5 %

The assumptions made with respect to future mortality rates are based on published statistics and historical data for each territory.

Life expectancy (average number of years) of an employee retiring at 65 years:

Male	18.5	18.5
Female	22.0	22.0

(K€)	France	Benelux	Group Total
Changes in commitments			
At 1 January 2005	2 439.8	1 180.2	3 620.0
Cost of services provided	210.1	104.1	314.2
Interest expense	109.8	59.0	168.8
Actuarial losses (gains)	146.6	2.6	149.2
Services settled	-30.6	-19.8	-50.4
Acquisitions	25.9		25.9
Disposals	-3.8		-3.8
Commitments at 31-12-2005	2 897.8	1 326.1	4 223.9
Changes in assets covering commitments			
Assets covering commitments at 1 January 2005		746.8	746.8
Employee contributions		30.6	30.6
Employer contributions		59.8	59.8
Expected yield on assets		29.9	29.9
Actuarial (losses) and gains		-10.9	-10.9
Services settled		-19.8	-19.8
Assets covering commitments at 31-12-2005		836.4	836.4
Net commitments at 1 January 2005	2 439.8	433.4	2 873.2
Net commitments at 31 December 2005	2 897.8	489.7	3 387.5
Expenses for the financial year			
Cost of services provided	210.1	104.1	314.2
Employee contributions		-30.6	-30.6
Interest expense	109.8	59.0	168.8
Expected yield on assets		-29.9	-29.9
Impact of the limitation on the recognition of a surplus		-0.6	-0.6
Amortisation of past services		2.2	2.2
Other adjustments			0.0
Expenses for the 2005 financial year	319.9	104.2	424.1
Changes in provision			
At 1 January 2005	2 205.8	301.8	2 507.6
Expenses for the year	319.9	104.2	424.1
Services and contributions paid	-30.6	-59.8	-90.4
Other adjustments	22.1		22.1
Provision at 31-12-2005	2 517.2	346.2	2 863.4
Reconciliation of commitment and provision			
Net commitment	2 897.8	489.7	3 387.5
Non-recognised actuarial (losses) and gains	-380.6	-112.9	-493.5
Non-recognised past services		-30.6	-30.6
Provision at 31-12-2005	2 517.2	346.2	2 863.4
Key assumptions			
Discounting rate %	4%	4%	4%
Salary increase rate %	2%	4%	
Expected yield on assets %	2%	3.50%	
Number of employees	2 433	121	2 554
Commitment exposure to rate variations			
3.50%	3103	1426	4529
4.00%	2898	1326	4224
4.50%	2711	1235	3946

Note 20. – Provision for other liabilities

The increase in provision for Social risks and expenses consists of an additional €0.3 million in provision for retirement pension commitments.

Provision reversals were used or adjusted in line with changes in the dossiers.

Note 21. – Dividend per share

The dividend payments for 2004 and 2003 totalled €3,043,221 (€0.55 per share) and €2,754,328 (€0.50 per share), respectively. A dividend of €0.60 per share for the year ending 31 December 2005, or a total dividend of €3,338,106, will be proposed at the General Meeting of Shareholders on 29 June 2006. The dividend was not treated as an expense payable in the financial statements.

Note 22. – Contingencies

Not applicable.

(K€)	2005
At opening of period	5768
Variations by result	
-Accruals	1458
-Used	0
-Reversal of provision	-398
Other variations	16
Total at close of period	6844

Note 23. – Commitments

Commitments issued (K€)	2004	2005
Bonds	1 193.0	1 193.0
Guarantees	45 441.0	51 519.0
TOTAL	46 634.0	52 712.0

At 31 December 2005, the Group's documentary credit commitments amounted to USD1.768 million.

The guarantees were issued by BRICORAMA SA. They correspond to borrowings and short-term credit facilities obtained from lending institutions by the company's subsidiaries. The increase in guarantees noted in 2005 corresponds to new borrowings taken out by the Group.

The Group does not discount its debt receivable.

Commitments received

The Group benefits from asset and liability guarantee agreements negotiated in connection with acquisitions carried out over recent years.

The Group also leases various production installations under ordinary lease contracts that can be terminated. In the event of termination, the Group is obliged to provide six months advance notice. Related expenses are charged to the statement of income under lease contracts for the financial year in question.

Note 24. – Remuneration of executive managers

K€	2004	2005
Salaries and other benefits (management committee)	871.1	951.4

The members of the management committee cover all of the key functions of the enterprise (managing directors, financial directors, brand directors, purchasing directors and expansion directors).

The members of the management committee are not related to each other.

Note 25. – Events subsequent to closing

Not applicable.

Note 26. – Audit fees

(K€)	2004	2005
Provisions for operating risks	624	3 000
Provision for retirement pensions	2 508	2 863
France stores	1 086	190
Taxes	1 052	590
Other provisions	498	200
Total provisions	5 768	6 843
O/w non-current provision Staff commitments	2 508	2 863
O/w other non-current provision	1 315	3 169
O/w current provision	1 947	811
TOTAL	5 768	6 843

(K€)	Zouary	Dauge	Constantin	TCLM
Audit, certification, examination of individual consolidated accounts	64,8	46,0	9,0	35,5
New in scope	21,0			
Ancillary missions		1,0		
TOTAL	85,8	47,0	9,0	35,5

Note 27. – Staff

At 31 December 2005, the Group's staff (full-time equivalent) totalled 3,319 people, of which 2,470 staff in France.

	France	Benelux	Spain	Group
Executives	165	104	14	283
Supervisors, Technicians	272	0	0	272
Employees	2 033	703	28	2 764
TOTAL	2 470	807	42	3 319

Note 28. – Companies consolidated at 31/12/2005

COMPANY	HEAD OFFICE	SIREN No.	CONTROL	METHOD	CONSOLIDATED
BRICORAMA SA	Fontenay	957 504 608	Parent company	I.G.	01/97
BRICORAMA France SAS	Roanne	406 680 314	100%	I.G.	06/97
BRICORAMA BV	Breda	International	100%	I.G.	06/97
BRICORAMA NV	Uccle	International	100%	I.G.	06/97
BRICO 1 SAS	Fontenay	428 719 678	100%	I.G.	01/00
BRICO 3 SAS	Fontenay	480.441.534	100%	I.G.	12/04
BRICO ST ANDRE SARL	Fontenay	432 348 845	100%	I.G.	10/02
ZELF BOUWMARKT NV	Roeselare	International	100%	I.G.	01/01
EPI SERVICES SARL	Nogent	383 269 214	100%	I.G.	05/01
BOUWMAR NV	Ghent	International	100%	I.G.	11/01
ROBO NV	Ghent	International	100%	I.G.	11/01
WABO NV	Ghent	International	100%	I.G.	11/01
GRUTO BVBA	Ghent	International	100%	I.G.	11/01
CB BOUWMARKTEN NV	Geel	International	100%	I.G.	11/01
BOCO NV	Ghent	International	100%	I.G.	11/01
ANDENNE Bricolage BVBA	Ghent	International	100%	I.G.	11/01
M A G BVBA	Ghent	International	100%	I.G.	11/01
LOKEREN DOE HET ZELF BV	Ghent	International	100%	I.G.	11/01
BRAINE L'ALLEUD Bricolage BV	Ghent	International	100%	I.G.	11/01
M A Z BVBA	Zelzate	International	100%	I.G.	11/01
MULTI HOBBY NV	Ghent	International	100%	I.G.	11/01
MAATSCHAP BOUWMARKT	Ghent	International	100%	I.G.	11/01
RUBUS BV	Breda	International	100%	I.G.	01/04
MEGARA BV	Breda	International	100%	I.G.	01/04
BRICO MEDITERANNEE	Barcelona	International	100%	I.G.	04/04
REACCIONA	Valladolid	International	100%	I.G.	10/04
EOLIENNE BRICORAMA	FONTENAY	France	95%	I.G.	01/05
HELIODIS	FONTENAY	France	100%	I.G.	03/05
MAX GUERIN	FONTENAY	France	100%	I.G.	03/05

Note 29. – Consolidated ratios and financial data

	2004	2005
Net debt/shareholders' equity	60,06%	58,26%
Sales margin/sales	37,97%	37,65%
Operating earnings/sales	4,80%	4,78%
Net earnings/shareholders' equity	13,66%	11,32%
Share price at 31 December (€)	44,93 €	49,90 €
Net EPS (€)	4,08 €	3,74 €